

June 2015

# FICCI

Foreign Investors' Chamber of Commerce & Industry



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# Business News

## FDI Still below Par

### Analysts Blame the Poor Inflow on Land Scarcity, Weak Infrastructure

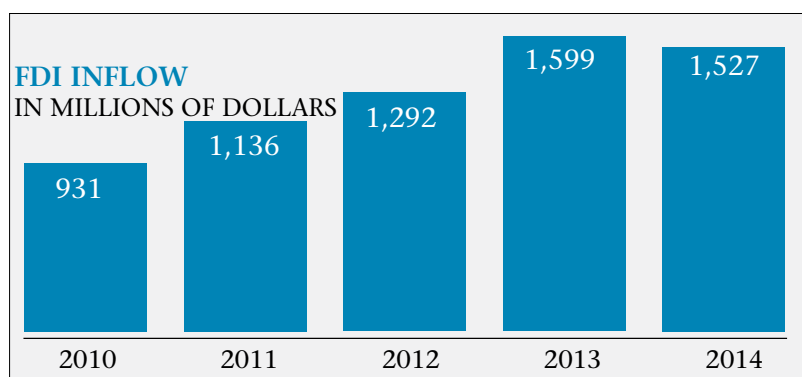
The inflow of foreign direct investment, which is critical to a country's infrastructure development, has not been increasing despite good incentives being offered by Bangladesh to investors from abroad. The country received FDI worth \$1.6 billion or slightly more than 1 percent of its gross domestic product in 2013, according to Bangladesh Bank data.

In 2014, FDI went down to \$1.52 billion, which was less than 1 percent of the GDP worth \$170 billion. On the other hand, FDI inflow to Vietnam, China and India was 6 percent, 5 percent and 3.5 percent of their GDP respectively in 2013. Even land locked Bhutan received FDI equivalent to 1.12 percent of its GDP in 2013, according to the World Bank.

The average worldwide FDI as a percentage of GDP was 4.72 percent in 2013. The highest value was in Hong Kong with 27.97 percent of its GDP. Typically, FDI worth 2-3 percent of GDP comes into a developing country and if a country routinely receives FDI that exceeds 5-6 percent of its GDP each year, then it is a significant success. "Setting up special economic zones (SEZs)

has become very important for Bangladesh to meet the foreign investors' demand for

government for its lackluster attitude towards removing the land-related complexity



land. The government should allocate funds in the budget to develop these zones as soon as possible," said Prof Mustafizur Rahman, executive director of the Centre for Policy Dialogue.

Rahman said China, India and Vietnam have developed hundreds of SEZs, also known as industrial parks, to accommodate both foreign and local investors. The move has brought a huge amount of FDI into these countries. "Unfortunately, Bangladesh has failed to formulate rules to operate the SEZs even after four years of the enactment of a law in 2012," said Ahsan H Mansur, executive director of Policy Research Institute.

Mansur, also a former senior official of the International Monetary Fund, criticized the

with Korean Export Processing Zone. This has kept some potential foreign investors, including Samsung, at bay. "We have to change our mindset," he said. "You cannot want back the land you give to a foreign investor. This doesn't give a good signal to other foreign investors."

Analysts have identified a number of reasons behind a poor inflow of FDI to Bangladesh. These include a scarcity of land, infrastructure, gas and electricity; a delay in giving services; uncertainty in policy continuation; unclear dispute settlement, and unexpected delay in formulating rules and regulation of the SEZ law. They said if Bangladesh cannot address these constraints, it will not get the

expected FDI even by offering tax benefits.

Bangladesh offers competitive fiscal and non-fiscal incentives to foreign investors. The investors enjoy remittance of royalty, technical know-how and technical assistance fees, repatriation facility of dividend and capital at exit, tax holiday, depreciation allowances, duty-free import of machinery and spares, bonded warehousing, and cash incentives against exports.

Permanent residency is given on investing a mere \$75,000

and citizenship on \$500,000. Moreover, Bangladesh has opened almost all its sectors -- be it manufacturing, farm or services -- for foreign investment. Foreign investors face an unexpected delay in knowing a government decision, said MA Hamid Sharif, an importer of Japanese reconditioned cars. Around 6,000 Japanese companies want to relocate their factories in Bangladesh due to a rise in production cost there, he added.

“Officials of many of these factories visited Bangladesh

and have been in talks with the government since 2012, seeking an SEZ of 60-150 acres. But they are yet to get the land,” said Sharif, who had lived in Japan for more than three decades. Mansur of the PRI pointed out another vital issue -- foreign investment in the garment and textile sectors. Though Bangladesh has allowed FDI in the sectors, foreign investors face strict opposition from the domestic apparel makers.

[Source: <http://www.thedailystar.net/business/fdi-still-below-par-90538>]

## World Investment Report, 2015

Dr Ismail Hossain, Professor of Economics of North South University, made a presentation on the World Investment Report, 2015 at BoI on June 24, 2015. Professor Hossain has said that the UNCTAD in its latest report revealed that there has been a decline of FDI inflow in Bangladesh in 2014 by 4.5 per cent to US\$1.5 billion. As per the UN Trade-Agency report, the equity investment dropped by \$261 million to \$280.31 million in the year under review compared to that of 2013. He described it as a sign of slowing growth in the country’s equity investment despite political stability during that period.

The UNCTAD Report, 2015 portrayed the actual trends in investments (FDI inflows) from 2010 to 2014 by the following chart:

THE ACTUAL INVESTMENT TRENDS FROM 2010 TO 2014		
Component	FDI inflows	Growth
2010	913.32	+30%
2011	1136.38	+24.42%
2012	1292.56	+13%
2013	1599.16	+23.72%
2014	1526.70	-4.74%

Source: UNCTAD

BoI’s Executive Chairman Dr. S A Samad presided over the meeting while Dr. Tawfiq-E-Elahi Chowdhury, Adviser to the Prime Minister, joined the programme as chief guest and Dr. Mohiuddin Khan Alamgir,

Chairman of the parliamentary standing committee on public accounts, joined the function as special guest.

The FICCI’s President Ms. Rupali Chowdhury, Deputy Governor of Bangladesh Bank, Sr. Vice- President of DCI, Representatives from FBCCI, MCCI , BEPZA, different ministries and the journalist from print and electronic media were also present in the program.

BoI Executive Chairman Dr SA Samad said they measured another estimation of FDI in 2014 which they termed it as ‘gross inflow’. According to the Board’s estimation, Bangladesh’s Gross FDI stood at \$2.58 billion which is 28.75

per cent higher than US\$ 1,599.16 million recorded in 2013. It calculated all inflows of foreign funds without deducting outflow of capital. There are many pieces of equipment that were again taken out of operation or use after certain time. But BoI took those into consideration while estimating investment. But UNCTAD measured foreign direct investment through a unified definition although the FDI had its other components.

Dr Tawfiq-E-Elahi Chowdhury said these statistics have many weaknesses. He claimed that Bangladesh remained 'under-enumerated' in the publication. The PM adviser pointed out that investment through debt was not considered as FDI in the counting. He, however, told the meeting that Bangladesh had expected a higher growth in the FDI. But this was not a big fall and not alarming. He said Bangladesh would communicate with the UNCTAD for its pursuance of gross counting of FDI.

Dr. Mohiuddin Khan Alamgir said that the shortages of power, gas and industrial

land have to be addressed to attract both foreign and local investment. Worldwide FDI inflows declined by 16% to \$1.2 trillion in 2014 because of the fragility of the global economy, policy uncertainty for investors and elevated geopolitical risk. However, recovery is in sight in 2015 and beyond; FDI flows now account for more than 40 percent of external development finance to developing and transitional economies.

Ms. Naznin Sultana, Deputy Governor of Bangladesh Bank said they had counted the FDI figures in terms of gross inflows of the funds. She said UNCTAD estimation is also based on the central bank data. Ms. Sultana said that the multi-national companies take the money out as cost recovery as per the rules of the Bangladesh Bank, so they do not report them as FDI at the end of the year. She said this normally happens in case of international oil companies, citing the case of Chevron as a case in point. Chevron invested \$500 million in the country but took out \$450 million as

cost recovery. "When this type of investments is made, this has impact on economic activities. So, we have started to take them into account while compiling FDI data."

Mrs. Rupali Chowdhury, President of the Foreign Investors' Chamber of Commerce and Industry said that we must look at the issues that are holding back the foreign investors which are presumably corruption, bureaucratic red tape and a lack of coordination among the Ministries. She emphasized that if Bangladesh has an image crisis at the international level, we have to work on it.

Mr. Nabhash Chandra Mandal, Executive Member of BoI told the meeting that the reforms should address the main challenges: safeguarding the nations' right to regulate agreements' limit in the public interest, reforming investment dispute settlement system, ensuring responsible investment to maximize positive impact of foreign investment, and minimize its potential negative effects.

## Developing Nations Face Tough Transition in 2015: World Bank

Developing countries face a series of tough challenges in 2015, including the looming prospect of higher borrowing costs as they adopt to a new era of low prices for oil and other key commodities, resulting in a fourth consecutive year of disappointing economic growth this year, says the World Bank Group's latest Global Economic Prospects (GEP) report, released this week.

As a result, the report says, the developing countries are now projected to grow by 4.4 percent this year, with a likely rise to 5.2 percent in 2016, and 5.4 percent in 2017, a news agency report said.

"Developing countries were an engine of global growth following the financial crisis, but now they face a more difficult economic environment," said World Bank Group President Jim Yong Kim.

"We'll do all we can to help low- and middle-income countries become more resilient so that they can manage this transition as securely as possible. We believe that the countries that invest in people's education and health, improve the business environment, and create jobs through

upgrades in infrastructure will emerge much stronger in the years ahead. These kinds of investments will help hundreds of millions of people lift themselves out of poverty."

Growth in South Asia is expected to continue firming to 7.1 percent this year, led by a recovery in India and supported by a gradual strengthening of demand in high-income countries, said the report.

The decline in global oil prices has been a major benefit for the region, driving improvements in fiscal and current accounts, enabling subsidy reforms in some countries, and the easing of monetary policy.

In India, new reforms are improving business and investor confidence and attracting new capital inflows, and should help raise growth to 7.5 percent this year.

In Pakistan, remittances are expected to remain solid, and manufacturing and service sectors should continue to recover. However, growth is expected to remain moderate, reflecting ongoing energy constraints.

In the East Asia and Pacific region, growth is expected to

ease to 6.7 percent in 2015 and remain stable over the next two years. This reflects a continued slowdown in China that is offset by a modest pickup in the rest of the region.

A net oil importer, the region is expected to benefit from lower fuel prices, although commodity exporters Indonesia and Malaysia face pressures from lower global prices of oil, gas, coal, palm oil, and rubber.

Growth in China is on course to ease to 7.1 percent this year. Regional growth (excluding China) is projected to be 4.9 percent this year, rising to 5.4 percent by 2016 due to strengthening external demand -- notwithstanding slower growth in China, less policy uncertainty in Thailand, and easing domestic pressures elsewhere.

Growth in Europe and Central Asia is expected to weaken further to 1.8 percent in 2015 as the oil price collapse, geopolitical tensions, and related spillovers, including from Russia, are only partly offset by a moderate recovery in the Euro Area.

[Source: <http://news.priyo.com/2015/06/13/developing-nations-face-tough-transition-2015-worl-131637.html>]

## Growth to Be 6.3% Next Year: WB

*Sustaining the political stability currently prevailing will be most critical*

The World Bank expects Bangladesh's GDP growth to rise to 6.3 percent next fiscal year thanks to the perceived continuation of political stability in the country.

As tensions have settled, growth is expected to pick up in line with a recovery in exports and investment, the multilateral lender said in its Global Economic Prospects 2015 report, released yesterday.

If stability prevails, the strong domestic demand base, gradually improving investment climate and moderate single digit inflation are expected to raise GDP growth to 6.3 percent, Zahid Hussain, lead economist of WB's Dhaka office, said.

Recovery in the US and the Eurozone should boost garment exports, while the opening of new markets and deeper penetration of existing markets for Bangladeshi labor should increase remittances. Sustaining the stability currently prevailing in the political front will be most critical for achieving the rising growth path envisaged in the report, he added.

The multilateral lender expects the GDP growth this year to be 5.6 percent, which is below Bangladesh Bureau

of Statistics' forecast of 6.51 percent. Hussain said the WB forecast was made taking into consideration the loss suffered due to political unrest.

Finance Minister AMA Muhith in his budget speech has forecasted the GDP growth next fiscal year to be 7 percent. A range of steps in power, energy and communication sectors along with development of ports and economic zones have been taken to facilitate the high economic growth, he said.

The pay rise for government staff and strong remittance flows will hopefully increase consumer spending. "Above all, we expect that good sense among the political parties for the greater interest of the people will ensure political stability."

### Slower Global Growth

The WB also cut its global growth outlook for this year and urged countries to "fasten their seat belts" as they adjust to lower commodity prices and a looming rise in US interest rates.

Kaushik Basu, the WB's chief economist, said the Federal Reserve should hold off on a rate hike until next year to avoid worsening exchange rate volatility and crimping

global growth, according to Reuters.

In its twice-yearly Global Economic Prospects report, the global development lender predicted the world economy would expand 2.8 percent this year, below its 3 percent prediction in January.

It said low commodity prices, especially the roughly 40 percent drop in oil prices since last year, had hurt commodity exporters more than anticipated. The WB also warned countries to prepare for higher US interest rates, which would raise borrowing costs for developing economies. "We at the World Bank have just switched on the seat belt sign," Basu said in a press conference in Washington. "We are advising nations, especially emerging economies, to fasten their seat belts."

Basu said lower commodities prices eventually should help global growth, and the lender kept its global growth forecasts unchanged for next year and 2017.

It also predicted that India would be the fastest-growing major economy for the first time this year, growing at a rate of 7.5 percent, up from the previous forecast of 6.4 percent. But the World Bank



cut its 2015 growth forecast for developing countries to 4.4 percent, from 4.8 percent in January, pointing to the drag of expected recessions in Brazil and Russia.

It also lowered the growth outlook for the United States to 2.7 percent this year, from 3.2 percent in January, and to 2.8 percent next year, from a previous forecast of 3 percent. The US economy slumped at

the beginning of 2015 due in large part to bad winter weather, a strong dollar, port disruptions and deep energy sector spending cuts.

“If I were advising the US Fed, I would recommend that (higher rates) happen next year instead of late this year,” due to the mixed economic picture, Basu said, adding that it was his own view

rather than that of the WB as a whole. “My own concern is that a relatively early move (in US rates) could cause an exchange rate movement, strengthening of the dollar, which will not be good for the US economy” and have negative repercussions for other countries, he said.

[Source: <http://www.thedailystar.net/business/growth-be-63pc-next-year-wb-95713>]

## Capital Flight Eats Up 1.1pc of GDP: Report

Illicit outflows of funds from Bangladesh equal 38.5 percent of the combined official development assistance and foreign investment the country received between 2008 and 2012, according to a study.

The illicit outflows ate away 1.1 percent of the country's gross domestic product, according to the report, “Illicit Financial Flows and Development Indices: 2008–2012”, released in the first week of June by the Global Financial Integrity, a Washington-based research organization.

The per capita loss stood at \$6.84. The loss could fund 58.9 percent of the country's education spending or 30.1 percent of health spending.

The slippage amounts to 12.7 percent of the total tax revenues of the country, said the study, which looked at 82 countries.

On average, \$1.31 billion funneled out of Bangladesh a year between 2003 and 2012, according to the earlier estimate of the organization. This report, the latest in a series by GFI, provides a comparison of illicit financial flows from some of the world's poorest nations and compares those values to some traditional indicators of development.

The indicators include GDP, total trade, ODA plus FDI, public expenditures on education and health services and total tax revenue, among others.

“There can be no clearer indication that a nation is suffering from the ill-effects of a severe countervailing economic force.”

Similarly, the ratio of illicit financial flows to a country's tax base demonstrates the opportunity cost of this phenomenon, said the report.

Domestic spending on fundamental social needs, such as education and health, are often overwhelmed by the amount of illicit money flowing out of the economy and with it, domestic resources that could be mobilized to address basic human needs.

Of the 82 countries, 40 percent of them had illicit outflows that exceeded spending on education. A similar percentage had illicit outflows of funds that surpassed health expenditures.

The report said in the area of human development, there is an inverse relationship between illicit outflows of funds and a country's ranking on the UN's annual Human Development Index.

“When illicit flows are high, a country's development score tends to be low.”

This negative relationship might be caused by a significant loss of

domestic resources as tax that could have been collected by the government, or capital that could have been retained by the economy if trade mis-invoicing had not taken place.

There appears to be a strong connection between high levels of illicit financial flows and the poverty gap.

A plotting of illicit outflows against the number of people living on \$1.25 per day and those living on \$2 per day shows that when illicit financial flows are high, poverty rates are high at both poverty levels.

“That illicit financial flows have an adverse impact on developing country economies is no longer a secret,” said the report.

The report said in many countries, the factors that are usually associated with budding economies -- such as trade, foreign investment and development assistance, and tax revenue -- are often times undermined by illicit flows.

GFI called for concerted action by the international community to assist not only nations that have high dollar levels of illicit flows but also to help those countries that have such huge percentages of their economic foundation eroded by them. The world leaders should focus on addressing trade mis-invoicing, which accounts for the vast majority of measurable illicit outflows, as well as on curbing the opacity in the global financial system, GFI said.

It said the United Nations should adopt clear and concise Sustainable Development Goals to halve trade-related illicit financial flows by 2030. The governments should significantly boost their customs enforcement by equipping and training officers to better detect intentional mis-invoicing of trade transactions, said the report.

“Trade transactions involving tax haven jurisdictions should be treated with the highest level

of scrutiny by customs, tax and law enforcement officials.”

The report said financial regulators should require that all banks in their country know the true beneficial owners of any account opened in their financial institution.

The government authorities should adopt and fully implement all of the Financial Action Task Force’s anti-money laundering recommendations.

Regulators and law enforcement authorities should ensure that all of the anti-money laundering regulations, which are already on the books, are strongly enforced, it said.

Local analysts pointed out that money earned through corruption, crimes and other illegal means are normally sent abroad. About 61 percent of the illicit outflows from Bangladesh occur through trade mis-invoicing, according to GFI.

[Source: <http://www.thedailystar.net/business/capital-flight-eats-11pc-gdp-report-97111>]

## Govt. Aims For Better Income Distribution

The government has proposed a 7.4 percent average growth target in the next five-year plan aiming to empower every citizen by way of better income distribution.

The draft of the seventh five-year plan (fiscal 2015-16 to fiscal 2019-20) was placed yesterday at a consultation meeting chaired by MA Mannan, state minister for finance and planning,

held at the auditorium of the National Economic Council. At the meeting, the economists and bureaucrats stressed institutional reforms, higher investment and more resources for achieving the growth target.

Shamsul Alam, member of the General Economic Division of the planning ministry, said the GDP growth target will rise by

2 percentage points every year from fiscal 2015-16 to hit 8 percent at the end of the five-year period. To meet the target, Tk 31.9 trillion will be invested, of which 90.4 percent will come from domestic sources and 9.6 percent from external ones. Alam said the cardinal theme of the next plan is “accelerating growth, empowering every citizen”. Emphasis will be placed

on improving the growth drivers and on policies, institutions and program that will support the lowering of income inequality, he said.

Cabinet Secretary Musharraf Hossain Bhuiyan said financing is important to achieve the target, which was not reflected much in the draft plan.

Both official development assistance and bilateral loans will be needed but attention must be paid at the hidden costs of the bilateral loans. He cited the case of a couple of bilateral loans taken by the government in recent times. Although the interest on them is low, they come with procurement restrictions, which ultimately drive up the cost of the loans.

The procurement must be made from those countries and they may not be the most economical options. "That means these are a type of tied loans. The financing cost for them cannot be considered just by looking at the low interest rates."

Subsequently, he called for a guideline for reviewing the loan proposals in the draft plan such that the ministries and divisions can holistically assess the costs and benefits.

To shift to the higher growth trajectory, institutional reforms must be made, the cabinet secretary said. Strengthening the institutions must be given the utmost importance, particularly the local government ones. "However, it does not mean that resources have to be transferred

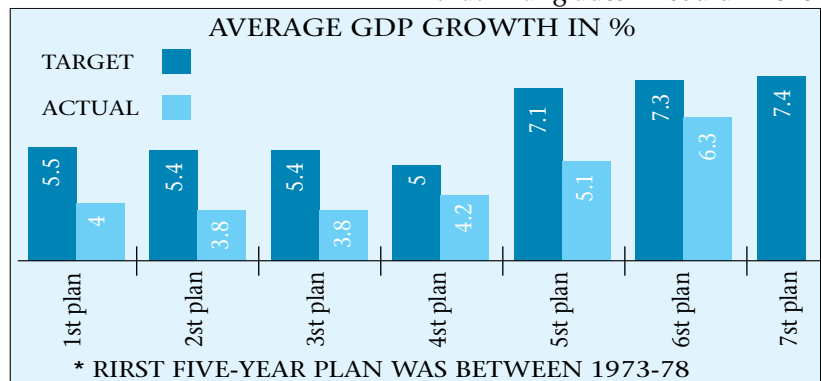
from the centre to the local government."

To empower all citizens, both the human rights and information rights commissions must be strengthened, Bhuiyan said. The cabinet secretary went on to refute the various criticism fired at the civil service reforms, citing two concrete examples.

The secretaries of 48 ministries and divisions signed a performance management contract with the cabinet secretary for the first time. Under

Institute of Development Studies, stressed agriculture, as the sector's growth impacts the overall growth rate. He called for measures that would ensure the farmers get good returns, such that agricultural growth soars and along with it, the overall growth.

Nasiruddin Ahmed, former chairman of the National Board of Revenue, said to increase revenue collection there has to be a link between research and policy. Ahmed said it is not true that Bangladesh could never



this, they are being given various governance and service delivery targets against which they are evaluated at the end of the year.

The government has also prepared a national integrity strategy document, which is being acted upon slowly but steadily.

"Now, if we go about with Jihadi enthusiasm from the onset, it will become just an abandoned document. We will have to go ahead considering the political feasibility," Bhuiyan added.

Mahabub Hossain, former director general of Bangladesh

achieve its revenue target, while citing fiscal 2010-11 and fiscal 2011-12 as examples.

The revised targets in both the years were more than the original ones and yet the collections crossed the marks. BIDS Research Director Rushidan Islam Rahman and Senior Research Fellow Nazneen Ahmed, Bangladesh Bank Chief Economist Biru Paksha Paul and Centre for Policy Dialogue's Research Fellow Toufiqueul Islam Khan also spoke.

[Source: <http://www.thedailystar.net/business/govt-aims-better-income-distribution-97675>]

# Article

## Proposed National Budget for 2015-16 & GDP Growth

Dr. Sadiq Ahmed

The annual national budget is the most influential public statement of the government's current economic thinking and policies. The proposed national budget for the fiscal year (FY), 2015-16, gains added significance because it is the first year of the implementation of the forthcoming Seventh Five Year Plan (7th FYP). As such, the budget conveys important signals of the government's medium term policy directions.

Given the importance of this strategic document, it is appropriate to carefully review the main features of the budget and provide feedback on how citizens perceive the government's proposed policy directions, highlight related concerns and provide constructive ideas of what might be done to address those concerns.

I propose to share my analysis and views on three aspects of the budget through a series of write-ups, each covering one aspect. These are: budget's impact on gross domestic product (GDP); implications for equity; and implications for public sector reforms. Each of these issues is of primary concern to people's welfare and as such ought to be the focus of review of this strategic document. Also, I take a

positive approach that does not simply dismiss a target as "too ambitious and cannot be achieved" to assessing the adequacy of the proposed reforms, identifying the gaps and suggesting what additional reforms are needed to achieve the stated targets.

Because of leads and lags in the transmission of effects of current taxation or spending on GDP growth, the impact of any fiscal policy action is best seen on a multi-year basis in the context of a medium term framework. The forthcoming 7FYP provides this framework. The 7th Plan seeks to move Bangladesh up from the 6.0% GDP growth path realized during the 6th Plan to a 7.0-8.0% growth path. Accordingly, the FY16 budget is underpinned by a 7.0% GDP growth target. The idea is to incrementally move up to achieve 8.0% by FY20 (end year of the 7th Plan).

How does the FY16 budget seek to facilitate this growth path? The best approach to examining this question is to look at the experience of the 6th Plan that had envisaged a similar growth path but ended up staying on the 6.0% path. There are several drivers of growth and the budget's growth impact can be assessed in terms of effects on these

growth drivers. It is important to note that the budget is only one policy instrument. There are several other factors that influence growth including political stability, cost of doing business, human development, technology, governance and institutions. The budget mainly affects three growth drivers: macroeconomic stability, investment and exports.

**M A C R O - E C O N O M I C STABILITY:** A stable macro-economy has been the hallmark of long-term macro policy management in Bangladesh that has been a major enabling factor in spurring private investment. Prudent fiscal management has played a key role in this regard. Fiscal prudence was maintained during the Sixth Plan. The FY16 budget similarly continues this good practice. The budget deficit is contained at 5.0% of GDP and much of the planned increase in the budget spending is expected from tax resource increases.

However, the financing of this deficit through bank borrowing needs to be kept consistent with the monetary policy framework that seeks to further lower the inflation rate. Otherwise, there is risk of a crowding-out effect on private investment. The favorable global external

environment and the expected balance of payments outcome are both positive factors for higher growth.

**EXPANSION OF THE INVESTMENT RATE:** The most important driver of growth is investment. The experience of East Asian economies shows that the capital intensity of production rises as the economy moves from a low-income to a middle income stage. Bangladesh is no exception. The 6th Plan had projected that the investment rate will increase by 8.0 percentage points of GDP to move from the 6.0% growth path to the 7.0-8.0% growth path. In the event, actual investment rate increased by a mere 2.0 percentage points of GDP. This failure of the investment target is the main reason why GDP growth rate remained at the 6.0% level. Both public and private sectors experienced investment shortfalls.

In the public sector, a combination of inability to secure the projected increase in the tax-to-GDP ratio, low foreign aid utilization, diversion of public resources to energy subsidy, transfer payments to state-owned enterprises (SoEs) including public banks, and inability to prop up the public-private-partnership (PPP) initiative all constrained the public investment rate. In the private sector, political instability, infrastructure constraints,

especially a severe gas crisis, limited availability of land and the high cost of doing business constrained both domestic and foreign investment. There was substantial capital flight owing to uncertainties of the investment climate. These constraints outweighed the positive effects of a stable macroeconomic environment including falling inflation, a stable exchange rate, a falling nominal interest rate and substantial availability of bank credit.

For the 7th Plan, the investment rate needs to increase by 7.0 percentage points of GDP by FY20 to achieve the higher growth path. The FY16 budget starts this investment drive through a number of channels. First, the Annual Development Programme (ADP) is budgeted to increase by 0.7 per cent of GDP in FY16. Second, the budget gives priority to infrastructure investment with special focus on the completion of growth-enhancing transformational projects. Third, it intends to strengthen ADP implementation. Fourth, it seeks to attract private investment by lowering the profit tax rates at the top end. Fifth, it aims at easing the land constraint by putting emphasis on fast tracking special economic zones (SEZs). All these are positive efforts to boost public and private investments.

Yet the effort falls short in a

number of areas. The budget does not address the problems of loss-making public enterprises. It does not propose any reform of the state-owned banks and on the contrary allocates more funds to recapitalize them. The delinking of energy prices from the budget is not proposed. There is a mention of increasing investment through the PPP, but no reform is proposed to energize the lethargic PPP performance. A major missed opportunity is the absence of a sound strategy to accelerate the use of the burgeoning foreign aid pipeline. While the profit tax reduction is a positive move, there is no concerted effort to correct the high taxation of the information communication technology (ICT) sector. So, on balance, the budget's long-term investment impact will be considerably softened by the absence of these reforms.

**BOOSTING EXPORTS:** The expansion of exports played a major role in supporting growth during the 6th Plan. Export growth is even more important for the higher GDP growth path of the 7th Plan. The experience of the 6th Plan shows that while exports performed well, the progress is concentrated on only one product group - readymade garment (RMG). This lack of export diversification is an outcome of a serious anti-export bias of trade policy. The FY16 budget seeks to diversify and push export growth performance by providing

similar fiscal incentives to other non-RMG products. The successful implementation of SEZ and power sector expansion programme will also support this.

However, the budget does not make any serious attempt to reduce the anti-export bias of the trade policy. This is again a missed opportunity. The government should recognize that revenue considerations must not govern trade policy outcome. Bangladesh has a comparative advantage in labour intensive exports and the elimination of the anti-

export bias of trade policy would help diversify the export base and further accelerate manufacturing growth.

**CONCLUSION:** The FY16 budget proposes several important initiatives to boost public and private investment but there are gaps where reforms are necessary to achieve the investment rate for the higher growth path. In particular, revitalization of the PPP, the rapid use of the aid pipeline and the reduction in the taxation of ICT sector must become an integral part of

the government's investment strategy.

The supplementary duty regime needs a complete overhaul to rationalize the associated trade protection outcome with a view to eliminating the anti-export bias. Reforms to delink public enterprise operations from the budget and convert them to profit-making ventures are essential to generate the additional resources needed to increase public investment.

*[Dr. Sadiq Ahmed is the Vice Chairman of Policy Research Institute of Bangladesh. This article was written for the Financial Express and published on June 20, 2015.]*



# Market & Financial News

## FY16 Export Target Set At \$33.56bn

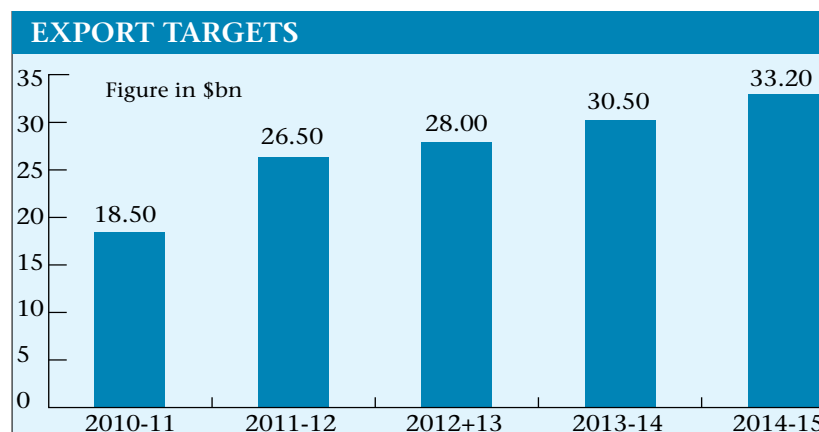
Export Promotion Bureau (EPB) initially has set \$33.56bn as export target for the financial year 2015-16. In the outgoing fiscal year, the target was \$33.2bn. The primary decision was made at a meeting with the stakeholders on June 01, said official sources. The meeting was attended by representatives from Bangladesh Garment Manufacturers and Exporters Association, Bangladesh Knitwear Manufacturers and Exporters Association, Bangladesh Textile Mills Association, jute goods and leather goods manufacturers and exporters.

The EPB will send the export target proposal to the Ministry of Commerce. After a review, commerce minister will formally announce the target. "We have sought opinions from the stakeholders concerned about setting export target for the next fiscal year. On the basis of their opinions and considering global and local economic situations, we have set the initial target \$33.56bn with a growth of 7.49%," EPB Vice-Chairman Shubhashish Bose told the Dhaka Tribune.

The target will be finalized reviewing the export growth of the current fiscal year, he added. About the export growth during July-April period of the current fiscal year, EPB

vice chairman said the export growth did not reach up to the mark as it was expected, due to some factors like political unrest, devaluation of euro against greenback, compliance issue in the country's garment industry and weak global consumers demand. As per the latest EPB data, during July-April of the FY2014-15, Bangladesh earned \$25.30bn

with still 4.53% short of target and the knitwear fetched over \$10bn which was also 6.3% less than the target. About setting export target, Centre for Policy Dialogue executive director Prof Mustafizur Rahman suggested considering global economic growth, demands, local production capacity, new development in global market, recent trade agreements, free



from exports, registering 2.63% growth compared to the same period a year earlier. The country will have to earn \$7.9bn more in the final two months of the fiscal to reach the year's target of \$33.2bn.

The RMG sector, the largest export earner of the country, already has failed to reach the target. In the first 10 months, the garment exports totaled \$20.56bn although the target was set at \$26.89bn for the year. As per the EPB data, the woven sector earned \$10.55bn

trade agreement and supply chain in fixing target.

He said Bangladesh should see its competitors' targets and their achievement process.

About the target set for the next fiscal year, the economist said, "The target is conservative and achievable. But we have to focus on exploring new horizons. If there is any major development in global economic arena, the target could be revised."

[Source: <http://www.dhakatribune.com/business/2015/jun/02/fy16-export-target-set-3356bn>]

## May Inflation Shows Downward Trend

The country's general point-to-point inflation has improved slightly, after experiencing an upward trend for the last three months of the current fiscal year, as it came down to 6.19 per cent in May from 6.32 per cent in April.

"A stable forex exchange rate and downward trend of oil price in the global market are the main reasons for the improvement of the country's inflation scenario. This trend is likely to continue in the next month," planning minister AHM Mustafa Kamal said while addressing the press during a program organized by the planning ministry at the NEC conference room.

The general point-to-point inflation rate in March was 6.27 per cent. The minister also said that the main reason for the improved inflation rate in May was due to the downward trend of the price of all sorts of goods and items in the international market, including the price of fuel. Kamal said there is no such crisis of food and other items ahead of Ramadan and the budget. While describing the market scenario of the products, the minister said there is no mismatch in demand and supply. It could also be a reason for the lowering trend of inflation, he added. The general inflation rate was 7.04 per cent in July of the current fiscal year. It came down to 6.91 per cent in August, 6.84 per cent in September, 6.60

per cent in October, 6.21 per cent in November, 6.11 per cent in December, and 6.04 per cent in January. The general inflation rate started to rise again in February with 6.14 per cent and 6.27 per cent in March.

Apart from the general inflation rate, the rate of food inflation also registered a declining trend, while inflation in other areas witnessed an upward trend. The point-to-point food inflation at the national level went down to 6.23 per cent in May from 6.48 per cent in April, while the non-food inflation increased from 6.08 per cent in April to 6.14 per cent in May. In urban areas, the general point-to-point inflation rate came down to 6.87 per cent in May. It was 5.84 per cent in rural areas. In rural areas, the food inflation also declined to 5.66 per cent in May from 5.99 per cent in April, while the non-food inflation increased to 6.14 per cent in May as against 6.09 per cent in the previous month.

In urban areas, the food inflation declined to 7.54 per cent in May from 7.62 per cent in April. The non-food inflation rate has, however, witnessed a rising trend, as it stood at 6.14 per cent in May, against 6.07 per cent in April.

The national wage index rate witnessed a 9.44 per cent growth in May with 9238.11 points, compared with 9169.76 points in April. The average year-to-

year rate of inflation from June 2014 to May 2015 stood at 6.46 per cent. It was 7.44 per cent from June 2013 to May 2014. Responding to a question regarding the reason behind the downward trend of inflation, Kamal said that the prices of most items, including consumer durables and intermediary items in the international market, are going down. He also said the exchange rate of Bangladesh has almost remained stable for the past five to six years. He further said that the government had previously targeted to contain inflation within 6.50 per cent in the outgoing fiscal year, with the hope that the rate would remain within target in the next month as well as in the outgoing year. Statistics and Information Division secretary Kaniz Fatema said that the market rate of laundry, cleaning, clothes, and recreation has fluctuated, which, in turn, has also led to the increase in the price of the non-food items.

Regarding the GDP target of the current fiscal year, the planning minister said political unrest has hampered the economic growth. Businessmen had to resort to air shipments, which increased the cost of product delivery, he added. Kamal, however, said that the country is unlikely to witness 10 per cent growth of export in the current fiscal year. He attributed the failure to reach the expected level of growth to unnecessary strikes, blockades and other disturbances.



# Members' Column

## Chevron in Bangladesh: Delivering Energy and Empowering the Community

At Chevron, the core priority is to deliver affordable energy safely and reliably to support economic development and human aspirations for a rising quality of life. As a partner with governments, suppliers and communities, Chevron contributes to health care, education and economic development for mutual benefit and progress. We build trusted relationships

natural gas consumption from its three gas fields in the northeast – but also the country's largest foreign investor. In Bangladesh, thousands of people in and around Chevron's areas of operation in the country's northeast are being benefitted through partnerships the company has forged with the community and NGOs in a collective bid to address

development collectively reach nearly 37,000 people living near our areas of operation.

Chevron demonstrates its commitment to the communities where it operates by generating jobs, employing local workforces, and supporting local supply chains. This business strategy establishes Chevron as a

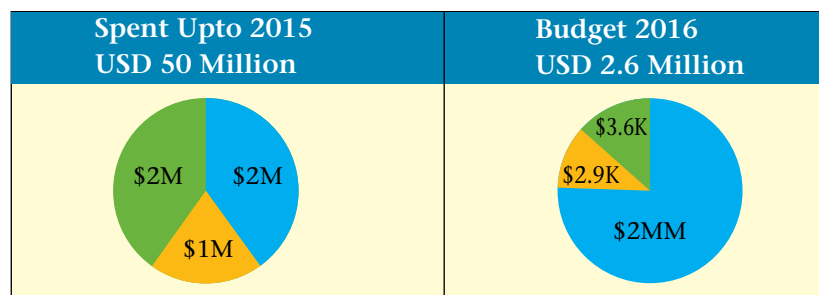


by focusing on engaging our stakeholders and managing our social impacts through our Environmental, Social and Health Impact Assessment process, and processes for stakeholder engagement and legislative and regulatory advocacy.

Chevron's subsidiary in Bangladesh is not only the country's largest natural gas producer - supplying around 50% of Bangladesh's

a range of socioeconomic issues. Our strategic social investments in the core

partner of choice that helps strengthen local economies and improve livelihoods.



thematic areas of health, education and economic

In 2014, we spent over \$13 million on materials and labor from local suppliers based

around our areas of operation – of this, \$7 million alone was spent during the course of the Bibiyana Expansion (BYX) Project. We provided employment opportunities for nearly 1,700 local workers, of whom about 1,100 were

Communities were engaged mostly in traditional agro-based activities, (ploughing with oxen, cattle, etc.), with Chevron being the only industrial entity in the area. Behavior norms

they were eye-opening.

27% of the 3,126 families surveyed lived on less than \$2 a day, while about 40% lived below poverty line, i.e. less than 2,000 k/cal/day. 36% could not read or write and only 7% had finished high school. The drop-out rates were high, and qualified, trained teachers were scarce. There were no healthcare facilities in the area. 76% of the population was dependent on traditional faith-healers, and 76% used unhygienic sanitation.

**Chevron's Economic Development Programs**

Skills development trainings and seed funds provided to over 3,700 families in 80 villages;

Over 2300 small & medium sized enterprises established

1,000 improved cook-stoves, 280 solar home systems, six solar-school systems; four bio-gas plants under ALO;

600 unemployed youths receiving vocational trainings in 15 categories;

for the BYX Project.

Chevron initiated a planned and structured social responsibility programming in 2005, during the development of Bibiyana – now Bangladesh's largest producing gas field. We realized that our initiatives would never have a lasting impact unless they were focused on the community's key needs, and designed to empower and energize them to drive their own futures.

The Bibiyana area was largely underdeveloped, with few signs of government or NGO-initiated development when work for the gas field first began in 2005.

We developed a robust plan that included a thorough socioeconomic baseline survey to gain a comprehensive understanding of the challenges and opportunities; and a social impact

It was based on these findings that sustainable programs were developed on livelihoods development, education and health with an aim to empower the community to a point where they were able to address their

**Chevron's healthcare Programs**

Established and finance three community clinics

Currently, around 107,000/year health services provided via these clinics and 34 satellite spots;

Over 1,300 children immunized in 2014

Over 3,500 health-cards issued for treatment of poor & ultra-poor in 2014

assessment, to gauge the impacts of our projects on the communities. When the results came out in 2006,

own needs by themselves. Aside from regular meetings that laid the foundation for a lasting relationship with the

community, processes were also put in place to engage stakeholders to systematically assess and address the social impacts of projects and record and close-out grievances.



With Bangladesh being the 8<sup>th</sup> most populous country in the world, land is a precious commodity. During field development, Chevron supported landowners to help ensure they received reasonable compensation from the acquiring agency (the Government in this case) in a timely manner. With heavy vehicle traffic expected on community roads, road safety – an alien concept – was also identified as a key social impact.

In 2014, after following this plan for seven years, Chevron announced a \$10 million commitment to create the Bangladesh

Partnership Initiative (BPI), a five-year program to support economic development for communities in the Greater Sylhet region. During its lifespan, the BPI will work with leading development

organizations to establish business and workforce

socioeconomic conditions. For livelihoods, Chevron engaged three partner-NGOs – Center for Natural Resource Studies (CNRS), Institute for Development Affairs (IDEA), and Prochesta that organized our communities into groups. Members receive training in specific agro/non-agro enterprises of their interest. Chevron then contributes an initial start-up capital to each group, and members also add a pre-determined amount, enabling the fund to grow. Each member draws upon this fund pool to start their own enterprises, using their newly-acquired skills.

Awareness-raising sessions are

**Chevron's Education Programs**

Over 1,600 scholarships awarded annually.

Pass-rate in Chevron-supported schools in 2014 Secondary Certificate Examinations was ~90%.

With Save the Children, 60 non-formal, one-room schools have been established, accommodating 1,800 out-of-school children; 1,200 primary-school students have benefitted from after-school activities and remedial support.

Construction and infrastructure support sponsored for four schools and colleges. Other support programs to improve children's learning experiences include computer learning centers in two schools, science & sports equipment, uniforms, and library materials.

development programs.

It was important to come up with programs for income-generating activities that elevated communities'

organized on legal, human rights, early marriage, birth-control, hygiene & sanitation, and the importance of education. Functional literacy

drives for women and village libraries are also examples of initiatives. A structured and robust education program was launched in 2006. Two NGOs joined in 2013 with Chevron to launch a new school empowering program, which included teachers' recruitment & training, scholarships and infrastructure development program.

Chevron's partnership with Save the Children launched in 2008, which targets out-of-school children aged 8-10

years. A new phase started in 2013, which will be concluded in early 2018. The three Chevron-sponsored community clinics, part of the USAID-sponsored Smiling Sun Franchise Program and implemented by international NGO Pathfinder International, are now firmly entrenched in the area providing quality, affordable treatment and diagnostic services, with a major emphasis on awareness-raising campaigns on a range of health and hygiene issues. The network

of satellite clinics ensures service delivery right to the doorsteps of the community.

Chevron believes that the key to success to any social development initiative is to fuel people's basic aspiration for self-improvement. We strive to inspire communities to drive their own development. More than anything else, our programs are focused on building awareness of a better future. The very idea of hope can act as a catalyst for real, sustainable change.



## News from Member Companies

### Standard Chartered Bank & BASIS Launches ERQ Account for Outsourcing Professionals in ICT Sector

Standard Chartered Bank in association with BASIS has come up with a unique proposition for the individuals / professionals involved in outsourced service exports with a bundle of a Savings Account and an US Dollar ERQ (Exporter Retention Quota) account. The customer can receive the proceeds of inward remittances as payment against outsourcing services. And maximum 60% of such proceeds can be parked in the ERQ (Exporter Retention Quota) account in foreign currency and the remainder in local currency savings account. To facilitate, BASIS will issue testimonial / certificate to the outsourcing professionals which will help them to avail the offer of the bank.

The product launching was inaugurated on June 8, 2015 by Zunaid Ahmed Palak, Honourable State Minister, Ministry of Posts Telecommunication and Information Technology as the Chief Guest. Aditya Mandloi, Head of Retail Client, Standard Chartered Bangladesh, Shameem Ahsan, President, Bangladesh Association of Software and Information Services (BASIS) were also present at the press conference.

In his message Abrar A. Anwar, CEO of Standard Chartered

Bangladesh said "I am delighted that in partnership with BASIS, we will be offering for the first time account opening facility for Bangladeshi outsourcing professionals which will help them to bring in their remittance through a fast,



secure and legitimate channel. Standard Chartered Bank is proud to be engaged in the growth and development of Bangladesh throughout our 110 years presence in this country."

On this occasion BASIS President Shameem Ahsan said "This offer would greatly help the Outsourcing professionals in both inward remittance and international payments. One of the pillars of the "One Bangladesh" Vision for the IT Industry is reaching 1 Billion USD in exports by 2018. To facilitate that we need to simplify the inward remittance

and international payment system among others, which this offer will address."

In his speech Honourable State Minister Mr. Zunaid Ahmed Palak said, "It is important to patronize and support the freelancers as well

as outsourcing professionals to implement the agenda of Digital Bangladesh. With this launch of Standard Chartered's proposition partnering with BASIS, we have just moved one step towards it."

The Bank's offer in association with BASIS will definitely help this group of individuals to better manage their financial needs. To avail this offer from Standard Chartered Bank, the outsourcing individual or company will need a testimonial from BASIS. The application form of this testimonial can be downloaded from the BASIS website ([www.basis.org.bd](http://www.basis.org.bd)).

## The Best at Best Practice

BAT Bangladesh has scooped up two awards that recognise outstanding corporate governance practices.

The awards are the **National Award** by Institute of Chartered Secretaries of Bangladesh (ICSB) and the **Best Corporate Award 2014** by Institute of Cost and Management Accountants of Bangladesh (ICMAB) for dedication to good corporate governance.

Both organisations have a long history and legacy in Bangladesh, promoting and facilitating best practice in corporate governance since the independence of the country and working hand-in-hand with the Bangladesh Government. This is the first time BAT Bangladesh received recognition from such leading non-government organisations that set the direction for good corporate governance in the country.

Awards judges considered the following aspects of best practices in corporate governance:

- Commitment to shareholders' values and promises through transparency and accountability
- Environmentally safe working environment for all employees
- People working a common Standard of Business Conduct

- A long lasting, progressive partnership with the Government of People's Republic of Bangladesh

15 companies were awarded in 5 categories in the ICSB Award event while the ICMAB awards were handed over in 14 categories where BAT Bangladesh clinched the first award in the category of multinational companies.

**Finance Minister, AMA Muhith, said at the awards event:** "It is important for every organisation to adopt practices and procedures under the umbrella of corporate governance. A collective approach towards this will only ensure a business-friendly environment in Bangladesh."

The business environment is changing and increasingly tough, influenced by a fluctuating economy, greater scrutiny, and increased regulatory requirements - all of which are creating challenges and increased responsibilities for board of directors. To foster a high-performance and well regulated culture at BAT Bangladesh, the business is governed by three Board Committees; The Audit Committee, CSR Committee and Compensation Committee, that underpin a holistic corporate responsibility for a multinational business.

Needless to say that over the years, BAT Bangladesh has been a dedicated partner of the Government of Bangladesh with a strong representation of the Government in our Board of Directors and our contribution to the National Exchequer amounts to more than a staggering BDT 30,000 crore as taxes in the last 5 years.

**Shehzad Munim, General Manager Bangladesh,** said: "This award is a testimony of our best practices and our successful establishment in Bangladesh since 1910. We are one of the first companies to be listed on the national stock exchange and have gained the continued confidence of our investors. We believe that the best corporate governance practice is about achieving the stakeholders' goal, and delivering success in an ethical way. Our long-lasting relationship with more than 52,000 of our business partners including farmers, distributors, retailers, vendors and employees has been established the foundation of good corporate governance. We train and develop our people with the best national and international business practices and the result is evident in our year-on-year business performance."

# Activities of the Chamber

## Monthly Luncheon Meeting

**June 14, 2015:** The Monthly Luncheon Meeting of the Chamber was held on June 14, 2015. The US Ambassador to Bangladesh, H.E. Ms. Marcia Stephens Bloom Bernicat was the Chief Guest on the occasion.

FICCI President Ms. Rupali Chowdhury conducted the short luncheon meeting with FICCI Executive Director Mr. Jamil Osman unveiling a short biography of the Chief Guest at the outset of the program.

The FICCI President Ms. Rupali Chowdhury welcomed the US Ambassador to the luncheon meeting. She said that the bilateral relations between the two countries are excellent. The US has been the largest investor in Bangladesh, most notably in energy sector, and is also the Bangladesh's largest export market. The FICCI President pointed out that Bangladesh offers promising opportunities for investment, especially in energy, pharmaceutical and information technology sectors as well as in labor-intensive industries. She said the government actively seeks foreign investment, particularly in energy and infrastructure projects, and offers a range of investment incentives under its industrial policy and export-oriented growth strategy, with

only a few formal distinctions between foreign and domestic private investors.

Ms. Rupali Chowdhury hoped that under the dynamic



*[From left to right: Vice President of FICCI, Mr. Kevin Lyon, US Ambassador to Bangladesh, H.E. Ms. Marcia Stephens Bloom Bernicat, President of FICCI, Ms. Rupali Chowdhury, Executive Director of FICCI, Mr. Jamil Osman]*

leadership of Marcia Stephens Bloom Bernicat the investment and trade relations between Bangladesh and the US would increase further to usher in a new era of mutual co-operation.

The FICCI President reiterated FICCI's commitment toward working in the common areas of interest and said that FICCI would like to collaborate and share the experience of its Members doing business in Bangladesh with all regulatory bodies and embassies to attract FDI flow in Bangladesh.

She mentioned that apart from bilateral trade relationship the U.S.A has long been a source of inspiration for young people as it remained as one

of the important creative centers of the world which attracted best minds of the world. The education of young Bangladeshis in American universities would further

enhance the ties between the two countries, and would help bring United States' expertise and skills back into Bangladesh, as well as lifelong friendship.

The US Ambassador to Bangladesh Marcia Stephens Bloom Bernicat revealed that bilateral trade between the USA and Bangladesh stood at around US\$ 6.4 billion out of which US\$ 5.3 billion comprised of Bangladesh's exports, overwhelmingly that of ready-made garments.

She expressed her firm determination to increase bilateral trade between the two countries, especially the US exports to Bangladesh to

reduce the huge gap existing in favor of Bangladesh. She said she wanted to make it a reality during her tenure and sought cooperation from the business

Pacific Economic Corridor (IPEC) to connect South and South East Asia, which collectively generate more

has limited road, rail and port connectivity.

Ports in the Bay of Bengal suffer common challenges of shallow draughts as well as constraints to capacity and operations.



*[Distinguished audience at the FICCI luncheon meeting held on June 14, 2015]*

The US envoy elaborately discussed that the US assistance and policies focus on several areas, including developing South Asian regional energy market, improving capacity to trade goods and services, reducing non-tariff barriers, and fostering people-to-people ties. They have made the groundwork for cheaper and more reliable energy, better roads and bridges, increased flow of people and trade, and better use of precious resources.

community for increasing mutual cooperation in the fields of trade and investment and strengthening bilateral relationships.

than \$4.3 trillion GDP having almost 1.9 billion people. IPEC support is aimed at boosting energy production, reducing trade barriers, enhancing connectivity, and supporting stronger people-to-people ties.

After her formal address, Ms. Bernicat invited questions from the audience and wanted to know the major obstacles hindering investment and business in the country. The speakers identified bureaucracy, political instability, infrastructure and corruption as the major obstacles discouraging investment in Bangladesh.

To increase trade and commerce the US Ambassador said that recently they attended a Semi-Annual Partnership dialogue with the government led by US Special Representative for Commercial and Business Affairs Scott Nathan, where they identified 'Blue Economy' as one of the new areas for discussion. They shared experiences drawn from wide geographical and private sector perspectives. The issues would be discussed in the next Trade and Investment Cooperation Framework Agreement (TICFA).

The US ambassador highly appreciated the agreements recently signed between India and Bangladesh which, she said, would underscore the positive trajectory for economic development across borders in South Asia through enhanced regional connectivity.

Mr. Kevin Lyon, Vice-President of the Chamber offered formal vote of thanks to the chief guest, FICCI members, distinguished guests & media representatives for their participation in FICCI's Luncheon Meeting.

Ms. Bernicat said that the US government has been cooperating with the Asian countries through Indo-

She also applauded the Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicle Agreement (MVA) for regulation of passengers and vehicular traffic. In this regard she pointed out that South and South-East Asia



## Other Meetings

**June 04, 2015:** Meeting of the Banking & Financial Services Subcommittee was held on the day. The meeting was chaired by its convener Mr. Khondoker Rashed Maqsood.



*[Banking & Financial Services Subcommittee Meeting]*

**June 05, 2015:** Meeting of the Trade, Tariff, Taxation & Company Affairs was held on the day to prepare the FICCI's reaction on National Budget (2015-16). The meeting was chaired by its convener Mr. Abdul Khalek.

**June 08, 2015:** President of the Chamber attended the luncheon meeting of ICC Bangladesh on 'Business Prospect between Bangladesh & China' at Pan Pacific Sonargaon.

**June 08, 2015:** FICCI President Ms. Rupali Chowdhury attended the fashion show 'Sunsilk Noksha Milon Mela' organized by the daily Prothom Alo at the Pan Pacific Sonargaon.

**June 09, 2015:** President of the Chamber had a meeting with Mr. Prasanta Das Sharma, Managing Director, Airtel Bangladesh Ltd. regarding issues related to telecom sector in the national budget 2015-16 at the Berger Corporate Office.

**June 10, 2015:** A delegation of FICCI Banking & Financial Services Subcommittee had a meeting with the Minister for Expatriates' Welfare & Overseas Employment, Engineer Khandker Mosharraf Hossain, M.P. The FICCI delegation was led by its convener Mr. Khondoker Rashed Maqsood.



*[Part of FICCI delegation with the Honorable Minister]*

**June 15, 2015:** The FICCI President Mrs. Rupali Chowdhury handed over a cheque to the Ambassador, H. E. Mr. Hari Kumar Shrestha on the day in aid of the victim of recently devastating earthquake occurred in Nepal. Seen below in the picture from left to right: Executive Director of FICCI, Mr. Jamil Osman, H. E. Mr. Hari Kumar Shrestha, Ambassador, Embassy of Nepal, President of FICCI, Ms. Rupali Chowdhury.



**June 15, 2015:** Meeting of the 17<sup>th</sup> Executive Committee held on the day at the FICCI Conference Room. The meeting was chaired by its President.

**June 16, 2015:** Meeting of the Sustainability of Environmental Protection Subcommittee held on the day at the Robi Recreation Center. The meeting was chaired by the convener of the Sub-Committee Mr. Rodney J. Reed.

**June 17, 2015:** A delegation of FICCI Banking & Financial Services Subcommittee had a meeting with the State Minister for Labor & Employment, Mr. Mujibul Haque Chunnu, M.P. The FICCI delegation was led by its convener Mr. Khondoker Rashed Maqsood.



*[FICCI delegation discussing with the Honorable State Minister]*

**June 17, 2015:** President of the Chamber had a meeting with Ms. Sadaf Saaz Siddiqui of Sidko Apparels Ltd regarding a proposal from Bangladesh Employers Federation for inclusion in FICCI Executive Committee at the Berger Corporate Office.

**June 18, 2015:** President of the Chamber had a meeting with Mr. Mustafa Alim Aolad, Director, Corporate Finance & Treasury, Grameenphone at her office.

**June 24, 2015:** President of the Chamber attended a seminar arranged by the Board of Investment on unveiling the UNCTAD World Investment Report 2015.



*[FICCI President speaking at the BoI meeting on June 24, 2015]*

**June 30, 2015:** President along with the Executive Director of FICCI had a meeting with Mr. Vineet Gupta, Director, Corporate Affairs, GE at the FICCI Conference Room.



*[From left to right: Executive Director, Mr. Jamil Osman, President, Ms. Rupali Chowdhury, Mr. Vineet Gupta, Director, Corporate Affairs, GE ]*

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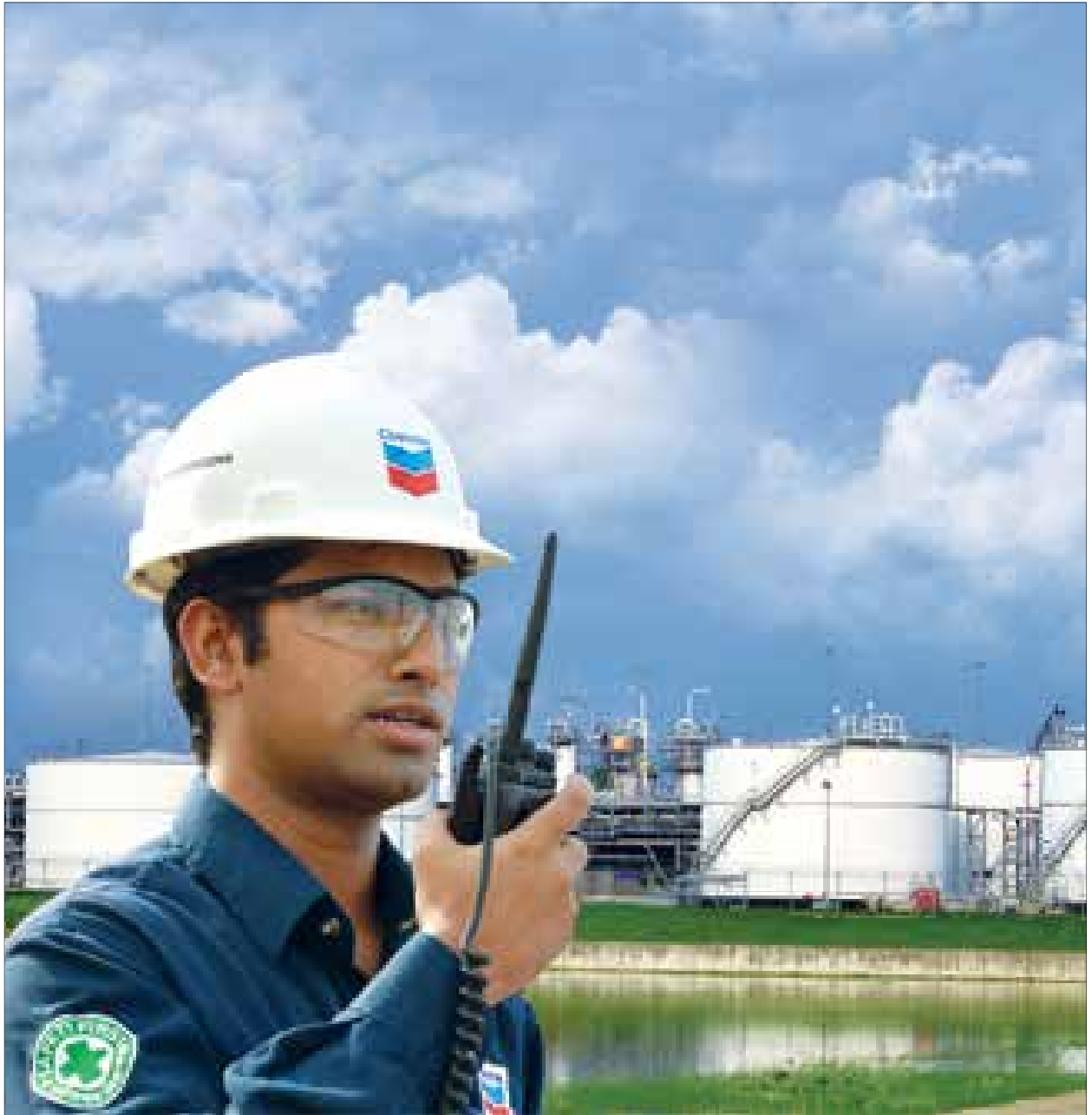


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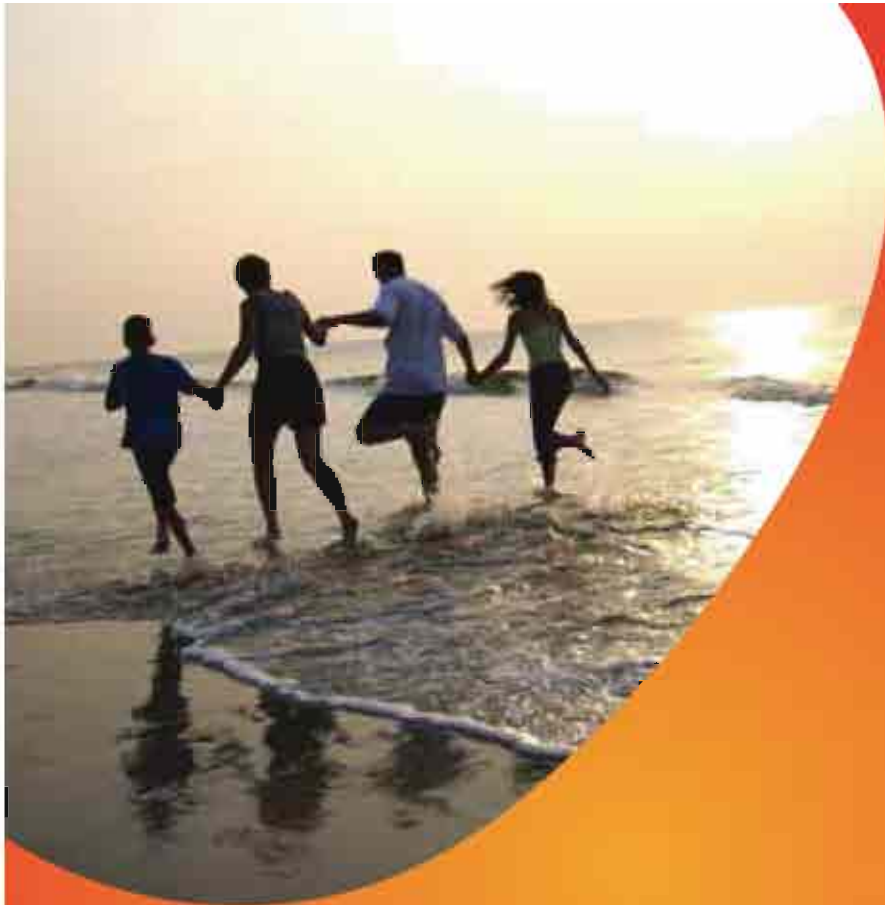
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# Diabetes in children: A growing global concern

## Overview

- Diabetes is one of the most common chronic conditions in children and adolescents<sup>1</sup>.
- Type 1 diabetes develops most often in children or young adults<sup>2</sup>.
  - In type 1 diabetes the body produces very little or no insulin.
- Type 2 diabetes is the most common type of diabetes. It usually occurs in adults, but is increasingly seen in children and adolescents<sup>2</sup>.
  - In type 2 diabetes the body does not produce enough insulin, or cells have stopped responding to it.



## Recognising diabetes in children

- Like adults, a number of early warning signs indicate diabetes in children. These include frequent urination, rapid weight loss, tiredness and thirst<sup>3</sup>.
- Among children, specific symptoms may include stomach aches, headaches and behavioural problems<sup>3</sup>.



## A serious global matter

**497,100**  
children are living with type 1 diabetes worldwide<sup>4</sup>

**79,100**  
children under 15 are estimated to develop type 1 diabetes worldwide each year, but the number developing the condition is increasing at a rate of 3% per year<sup>4</sup>

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## Managing diabetes in children

- When managing diabetes in children it is imperative to maintain glucose control as safely and as near to normal as possible<sup>5</sup>.
  - If blood glucose levels fall too low, the risk of hypoglycaemia increases, which can add to the psychosocial burden of the disease. Hypoglycaemia is a common complication of insulin therapy, particularly in young children<sup>6</sup>.
  - If blood glucose levels are too high, children are at risk of diabetic ketoacidosis (DKA), a life-threatening condition and a major cause of morbidity and mortality in children with type 1 diabetes<sup>7</sup>.
- Use of effective insulin therapies can contribute to good glucose control, reducing the risk of both hypoglycaemia and DKA. Managed effectively, a diagnosis of diabetes will not prevent children from having a normal, full and happy life<sup>8</sup>.



## Everyday life for children living with diabetes

- Maintaining good control of blood glucose levels, avoiding lows and highs, can be very challenging for children living with diabetes and their parents<sup>9</sup> because of the need to follow a lifelong regimen with strict vigilance, which some children and adolescents resent.



Children living with diabetes have dietary restrictions and their activity levels need to be closely monitored<sup>9</sup>.



Many children find it difficult to cope emotionally with their diabetes<sup>9</sup>.



Diabetes can result in discrimination and impact social relationships, friendships and may impact academic performance<sup>9</sup>.



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